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## JACK ANDERSON

### Synfuels Corp. Projects Offer Little Promise

The high-salaried executives of the U.S. Synthetic Fuels Corp. might be forgiven their wastrel ways if they were spending the taxpayers' billions on alternative energy projects of actual or even potential merit.

Unfortunately, they're squandering money on grandiose schemes of so little promise that private industry wouldn't touch them unless Uncle Sam was picking up the bill. In fact, the major oil firms have abandoned synthetic fuel ventures even with the lure of government loan and price guarantees. That's how little Big Oil thinks of synfuels' future. This leaves the Synfuels Corp. with \$15 billion to hand out—and only second-rate programs on which to spend it. Five of the six finalists for the second round of Synfuels' largess were rejected by the corporation the first time around.

My associates John Dillon and Corky Johnson have obtained internal Synfuels documents that show the dubious chances for success of the expensive projects the agency is considering. Two glaring examples:

- First Colony is a consortium that wants Synfuels money to con-

vert peat into methanol in North Carolina. One member of the consortium is the Energy Transition Corp., of which CIA Director William J. Casey is a founding investor.

Originally turned down by Synfuels because of serious deficiencies in management structure, First Colony bounced back with its hand out. It now has the distinction of having received the first "letter of intent" from Synfuels, promising \$455 million in loan and price guarantees.

Yet internal documents show that Synfuels still has some reservations about the project, mainly because First Colony's price expectations are considered unrealistically optimistic.

"The First Colony project is considered a high-risk project based on [Synfuels'] methanol price projections, which are lower than sponsor expectations," says one internal evaluation. "The project is a relatively high-risk one in terms of its long-term economic viability." Despite these misgivings, Synfuels officials approved First Colony's application. Now the General Accounting Office is investigating and wants to know the firm's "legal authority for offering price guarantees of up to double current oil prices as an incentive . . . ."

- The North Alabama coal gasification project is backed in part by Santa Fe International, a company owned by the government of Kuwait. So Synfuels is considering a \$1 bil-

lion handout to some of the very Arab sheiks from which it was supposed to liberate the country. Interior Secretary James G. Watt recently barred Santa Fe International from holding U.S. gas and oil leases, because the Kuwaitis don't allow Americans to hold energy interests in their country. Watt's concern appears not to be shared by the Synfuels board.

Another North Alabama sponsor is Air Products and Chemical Co. Though it's in the Fortune 500 list of wealthiest corporations, and recently spent \$230 million to gobble up another company, Air Products wants the government to put up most of the money for the gasification project. Does it know something we should know?

**Headlines and Footnotes:** Two sensitive reports critical of Israel are being suppressed on Capitol Hill while Congress tries to ram through \$400 million more in military aid than the White House wants. One is a GAO study of alleged Israeli misuse of U.S. arms aid. The other is a report by a nine-member Hill delegation looking into Israeli harassment of U.S. Marines in Lebanon.

- Even though extended investigations of Labor Secretary Raymond J. Donovan turned up no conclusive proof of alleged ties to organized crime, insiders say access to the normally outgoing Donovan has now been controlled severely by aides.